

CHAPTER TEN

INTERPRETIVE & INSTRUCTIONAL MEMORANDUMS

Revised July 2005

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES
DIVISION OF ALCOHOL AND SUBSTANCE ABUSE
POLICIES AND PROCEDURES**

Approved By: _____

Kenneth D. Stark, Director

Information Contact: Chief Financial Officer

Authorizing Source: SAPT Block Grant

45 CFR Part 96

Effective Date: November 18, 1992

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SUBJECT: ESTABLISHING CONTRACTS WITH FOR-PROFIT VENDORS WITH SAPT
BLOCK GRANT FUNDS

What is the purpose of this policy?

This policy outlines how the Division of Alcohol and Substance Abuse (DASA) will establish contracts with for-profit entities when federal funds from the Substance Abuse Prevention and Treatment (SAPT) Block Grant are used.

Who is affected by this policy?

This policy applies to all contracts written by DASA employees and shall be included as a term or condition to all sub-contracts when federal SAPT funds are used.

What is the over-arching federal compliance requirement?

SAPT Block Grant compliance requirements set forth a number of activities allowed or unallowed, including that grant funds may not be used to provide financial assistance to any entity other than a public or non-profit entity. However, States are not precluded from entering into procurement contracts for services when the vendor is a for-profit business, since payments under such a contract are not considered financial assistance to the contractor (reference 42 USC 300x-31(a); 45 CFR section 93.135(a)(5)).

What is federal financial assistance?

For purposes of this policy and as it applies to SAPT Block Grant, federal financial assistance means direct assistance from a federal funding source, passing through DASA. Federal financial assistance is generally in the form of grants or loans or direct appropriations. Federal financial assistance does not mean payments or

reimbursement for services rendered to individuals. Federal financial assistance is generally awarded to a sub-recipient rather than a vendor.

What is the difference between sub-recipients and vendors?

Sub-recipient means a non-federal entity that expends a federal award received from a pass-through entity to carry out a federal program. Sub-recipients share responsibility for the program outcomes and make independent decisions about how to apply the federal funds to achieve those program outcomes. Counties are sub-recipients of SAPT Block Grant funds with DASA being the pass-through entity.

Vendor means a seller providing goods or services that are required to conduct a federal program. These goods and services may be for the sub-recipient or pass-through entity's own use for the use of the beneficiaries of the federal program; i.e., patients or clients. Vendors do not exercise independent decisions about how to achieve program outcomes. Adult residential programs are vendors since DASA purchases treatment services in a fee-for-service type contractual relationship with these providers. In many cases, outpatient treatment programs are vendors for counties.

Can DASA grant an exception in certain circumstances?

DASA and counties may use SAPT Block Grant funds to contracts with for-profit vendors without documentation when the form of the contract is clearly a vendor relationship. Vendor contracts do not require pre-approval on the basis that the contractor is a for-profit entity.

DASA regional administrators may authorize counties to use federal SAPT Block Grant funds, even in their sub-recipient sub-contracts for client services when:

- There is no suitable and appropriate not-for-profit entity in the geographic area providing the needed services.
- The service must be purchased in a manner that ensures the rate paid is no greater than the rate that would be paid if the sub-recipient were a not-for-profit entity. This can be through competitive bidding or equally effective means of determining a market rate.
- A cost reimbursement contract, total fee, or grant may not be extended to a for-profit sub-recipient.
- A for-profit sub-recipient may not determine client eligibility, either clinical or financial. For-profit sub-recipients are limited solely to providing services as ordered by, and to clients identified by, their contracting entity.
- A for-profit sub-recipient may not perform any program planning, program management, or policy determination.

DASA regional administrators shall document approval for any for-profit sub-recipients employed by counties or other entities.

What about other types of contracts using SAPT Block Grant funds?

In some cases, DASA may determine that a for-profit entity is the best suited for a specialized need. This will often be the case for research projects. DASA staff should make every effort to limit these contracts or to structure the relationship as a vendor rather than a sub-recipient.

If it is critical to the outcome that the desired contractor share responsibility for the program outcomes and make independent decisions about how to apply the federal funds to achieve those program outcomes, then the DASA manager shall structure the agreement in a manner that insures the rate paid is no greater than the rate that would be paid if the sub-recipient were a not-for-profit entity. This can be through competitive bidding or equally effective means of determining a market rate. If cost reimbursement is ultimately the means for procuring the agreement, then it shall be clearly laid out in the agreement that payment will not include a factor for-profit.



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

July 1, 2004

TO: County Alcohol and Drug Coordinators
PPW Residential Providers

FROM: Kenneth D. Stark, Director
Division of Alcohol and Substance Abuse

SUBJECT: **TRANSPORTATION DOLLARS FOR PREGNANT AND PARENTING WOMEN (PPW) ENTERING PPW RESIDENTIAL TREATMENT**

This replaces the May 8, 2003, memorandum in the Division of Alcohol and Substance Abuse (DASA) County Implementation Guide (DCIG), Chapter 10, regarding transportation for individuals needing transportation assistance when entering a Pregnant and Parenting Women (PPW) residential facility.

Beginning July 1, 2004, DASA is continuing to make a limited amount of money available for transportation needs of PPW entering residential treatment facilities located outside their county of residence. All claims for recovery of transportation costs must be separately identified on an invoice from the PPW residential provider, following approval from the DASA Contract Manager.

Round trip travel expenses are covered from the client's home to the PPW treatment facility when travel distances are more than 50 miles away. The mileage reimbursement rate will follow the current state of Washington travel guidelines for a rate per mile. Funding **does not** cover any food cost or other expenses. The procedure for PPW patients will be to have the PPW residential provider identify the woman in need of service and assist with transportation arrangements. For reimbursement, indicate "for PPW transportation" on the invoice. All invoices must be accompanied by a copy of the receipt for the transportation.

All transportation arrangements must be pre-approved by e-mail or in writing by the DASA Contract Manager.

KDS:SG:jmg

cc: Fred Garcia
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DASA Regional Administrators
DASA Regional Treatment Managers
DCIG



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

October 15, 2003

TO: Alcohol and Drug County Coordinators

FROM: Fred Garcia, Chief
Office of Program Services
Division of Alcohol and Substance Abuse

SUBJECT: **POLICY AND GUIDANCE REGARDING CASE MANAGEMENT**

This memorandum is being sent to respond to numerous questions surrounding the changes and use of case management in the county contracts.

1. The maximum limit of five hours per month.

The county contract established a maximum time limitation of five hours per month per client. The Division of Alcohol and Substance Abuse (DASA), in collaboration with the Association of County Human Services (ACHS), created a process for counties to grant exceptions to this time limit. This process is documented in Chapter 1, Section XI, of the DCIG Manual, and reads as follows:

f. Maximum time limitations

Case Management Services are limited to a maximum of five (5) hours per month per client.

Exceptions to the five-hour limitation may be granted on an individual basis, based on the clinical needs of the individual client. Exceptions may not be granted to Medicaid-billed services as there is an edit in the Medical Assistance Administration billing system that will not allow it. The County will be responsible for monitoring and granting exceptions to the five-hour limit, and the DASA Regional Administrator will monitor this exception process.

2. TARGET entry for clients who abandon treatment

Case Management has been established as a service available for clients admitted into treatment. Case management services also include activities that allow Chemical Dependency Professionals (CDPs) to reconnect the client who was admitted into treatment and then withdrew from treatment. TARGET allows entry of case management activities only for cases with an active admission in TARGET. For these clients, the agencies may leave the client status in TARGET as active for 30 days to allow the CDP time to work with the client to re-engage him/her into treatment. If the client has not re-entered treatment within the 30 days, the TARGET status should be changed to show the client has been discharged. This will allow for time-limited access for entry of case management services on the client who left treatment.

3. TARGET entry for ADATSA clients not yet admitted into treatment

The activities provided to assist ADATSA clients to get them into treatment would be entered as a support activity under Assessment and Referral or Interim Services, whichever is more appropriate for the service being delivered. Case Management is not a billable service for ADATSA clients.

4. Sub-contracting case management services

The question has been asked about sub-contracting case management services. The treatment agency may sub-contract out the case management services. However, there are conditions that must be met:

- a. The provider of the service must meet the provider qualifications established for the service, and
- b. The treatment agency is responsible for case management tracking in TARGET, and
- c. The report/narrative of all case management activities must be documented in the treatment agency's case file of the client.

5. Case staffing activities

The restriction against billing for "time spent on internal staffings" does not refer to multidisciplinary team case staffings that include people from different agencies/organizations. It refers to staffing a case by staff of the treatment agency.

6. Interactions with probation officers

The restriction against billing for "time spent on interactions with probation officers" was set up by the committee establishing case management as a Title XIX service. This was intended to prohibit use of case management for tasks, such as writing probation reports or acting as a representative to probation on the client's behalf.

FG:RMM:ag

cc: DASA Regional Administrators
DASA Management Team
Frank DiMichel
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